

EXHIBIT C

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Title III Exit Legislation in Limbo After Senate Shelves Vote, Calls House Back to Bargaining Table

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Legislation authorizing the issuance of new general obligation bonds and contingent value instruments contemplated in the commonwealth plan of adjustment remains in limbo after the Senate moved tonight to indefinitely shelve the measure, House Bill 1003, because it lacks the votes needed for passage.

Senate President José Luis Dalmau stated flatly that the compromise bill that emerged with a joint House-Senate conference committee report shortly before the [lower chamber approved](#) the legislation late on Oct. 19 is still short of the 14 votes needed despite its incorporation of provisions reflecting accords with the oversight board, including zero cuts to public pensions in the plan and funding for the University of Puerto Rico and municipalities.

“So we didn’t act on the measure and it remains pending,” Dalmau told reporters at the Capitol after announcing the move on the Senate floor. “I didn’t bring it to the floor because it doesn’t have the 14 votes. I’m not going to bring it down to have it defeated.”

Procedurally, Dalmau said the House could request the bill be returned to the lower chamber for reconsideration or rescind the conference committee report and draft a second report with amendments to House Bill 1003 aimed at giving more teeth to pension protection language in the bill.

“If the House is open to seeking new language and is willing to issue a second conference committee report that can happen. If not, then the process is over,” he said.

The Senate’s indefinite shelving of the measure, which keeps the bill alive, came hours after the [PROMESA oversight board](#) stated that if the legislation isn’t enacted by Friday afternoon it would be “forced” to seek adjournment of the Title III plan confirmation hearing slated to open on Nov. 8. Dalmau noted that because the House and Senate are not due back in session until Tuesday, Oct. 26 it would be “impossible” from a procedural and parliamentary standpoint for the Legislature to meet the oversight board’s deadline.

Dalmau signaled that amending the “effectiveness” language in the bill is the crux to win support of holdouts within his Popular Democratic Party and the New Progressive Party delegation. Pointing to the version of House Bill 1003 as passed by the Senate on [Oct. 6](#), Dalmau said “modified” effectiveness wording introduced by the oversight board in an Oct. 17 [meeting](#) with Gov. Pedro Pierluisi and legislative leaders was subsequently incorporated into the bill as it emerged from the conference committee. “That change caused shifts in the position of the NPP delegation and some PDP senators,” he said.

After the Senate’s first crack at the bill, the oversight board [stated](#) its belief that HB 1003 as passed by the upper chamber then would make the plan of adjustment unaffordable and unconfirmable, warning it would be forced to withdraw the plan. The oversight board subsequently made concessions on pension and funding issues in conjunction with passage and enactment of the Title III exit legislation, which were incorporated into the conference committee bill, but has held firm on its [position](#) since then.

If the House is willing to reconsider the bill or issue a second conference committee report with amendments then the two chambers could work together toward bringing an amended bill to votes in their respective sessions on Oct. 26. “If not, it’s over,” Dalmau said that “there is no time” to draft a new bill given the oversight board’s deadline and the tight timeframe of the plan confirmation

hearing calendar. “We have to see if the oversight board gives us more time,” Dalmau added.

“We are more than willing to find language that complies,” the Senate president said, also reaffirming that his “preference has always been to arrive in the Title III court with an agreement rather than without one.”

The Senate vote has been up in the air all week amid ongoing efforts to secure the 14 votes needed for passage. The snag in the Senate centers on concerns among various lawmakers from the PDP and nearly all of the NPP delegation that pension protection language in the measure is not sufficient to ensure zero pension cuts in the Title III court in connection with the plan of adjustment. The PDP controls the 27-seat Senate with a plurality of 12 seats. The NPP holds 10 seats. The Citizens Victory Movement holds two seats and the Puerto Rican Independence Party and Project Dignity each hold one. There is also one independent senator.

NPP Sen. Thomas Rivera Schatz and the bulk of his delegation met with Pierluisi earlier today to discuss proposed amendments including language establishing that if the Title III court orders or proceeds with any pension cut the bond law would be invalid. Another invalidating factor would be if a plan contemplates a freeze on future pension accruals and elimination of future cost of living adjustments. They also include an amended severability clause establishing that if any part of the law is declared invalid by Judge Laura Taylor Swain or any other judge the whole law would be invalid.

Speaking later on the Senate floor, Rivera Schatz said: “We need to find language that truly protects pensions” and does not allow later “maneuvering” by the oversight board.

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